

**FINANCE/PERFORMANCE  
COMMITTEE MEETING**

# ORDER PAPER

**THURSDAY, 25 FEBRUARY 2021, 9.30AM**

**COUNCIL CHAMBER, RANGITĪKEI DISTRICT COUNCIL  
46 HIGH STREET, MARTON**

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**Chair** - Councillor Nigel Belsham

**Deputy Chair** – Councillor Fi Dalgety

**Membership**

Councillors Cath Ash, Brian Carter, Angus Gordon, Tracey Hiroa, Waru Panapa  
and Dave Wilson.

His Worship the Mayor, Andy Watson

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**Please Note:** Items in this agenda may be subject to amendments or withdrawal at the meeting. It is recommended therefore that items not be reported upon until after adoption by the Council. Reporters who do not attend the meeting are requested to seek confirmation of the agenda material or proceedings of the meeting from the Chief Executive prior to any media reports being filed.

*Making this place home.*



**RANGITĪKEI**  
DISTRICT COUNCIL



# Rangitikei District Council

## Finance and Performance Committee Meeting

Agenda – Thursday, 25 February 2021 – 9:30 a.m.

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The quorum for the Finance and Performance Committee is 5.

Council's Standing Orders (adopted 31 October 2019) 11.2 provide: The quorum for Council committees and sub-committees is as for Council, i.e. half the number of members if the number of members (including vacancies) is even or a majority if the number of members is odd.

## **1 Welcome**

## **2 Public Forum**

## **3 Apologies/Leave of Absence**

## **4 Members' Conflict of Interest**

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

## **5 Confirmation of order of business**

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, ..... be dealt with as a late item at this meeting.

## **6 Confirmation of minutes**

The minutes from the Finance/Performance Committee meeting held on 17 December 2020 are attached.

### **Recommendation:**

That the Minutes of the Finance/Performance Committee meeting held on 17 December 2020 [as amended/without amendment] be taken as read and verified as an accurate and correct record of the meeting.

## **7 Chair's Report**

A report is attached.

### **Recommendation:**

That the Chair's Report' to the Finance/Performance Committee be received.

## **8 Follow-up Items from Previous Meetings**

A report and table of follow-up actions is attached.

### **Recommendation:**

That the report 'Follow-up Items from Previous Meetings' to the 25 February 2021 Finance/Performance Committee be received.

## **9 Financial Snapshot – January 2021**

A report is attached.

### **Recommendation:**

That the report 'Financial Snapshot – January 2021' to the Finance/Performance Committee be received.

## **10 Draft Revenue & Finance Policy**

A report is attached.

### **Recommendation:**

1. That the report on Draft Revenue and Finance Policy be received.
2. That Finance and Performance Committee review the draft copy of the proposed amended Revenue and Finance Policy and provide comment as appropriate.

## **11 Draft Financial Strategy**

A report is attached.

### **Recommendation:**

1. That the report on the Draft Financial Strategy be received.
2. That the Finance / Performance Committee review the draft working copy of the proposed amended Financial Strategy and provide comment as appropriate.

## **12 Late Items**

As agreed at item 6.

## **13 Next Meeting**

Thursday 25 March 2021 – 10.30am

## **14 Meeting Closed**

# Attachment 1



# Rangitikei District Council

## Finance and Performance Committee Meeting

Minutes – Thursday 17 December 2020 – 9.30am

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**Present:** Cr Nigel Belsham (Chair)  
Cr Fi Dalgety  
Cr Cath Ash  
Cr Brian Carter  
Cr Angus Gordon  
His Worship the Mayor, Andy Watson

**In attendance:** Mr Peter Beggs, Chief Executive  
Mr Dave Tombs, Group Manager – Corporate Services  
Ms Kathryn McDonald, Accountant  
Mrs Sharon Grant, Group Manager – People and Culture  
Mr George Forster, Policy Advisor  
Ms Janine Simpson, Governance Administrator

## 1 Welcome

The Chair opened the meeting at 9.30am.

## 2 Public Forum

No public forum.

## 3 Apologies/Leave of Absence

That the apology for lateness of Councillor Ash be received. Apologies were received from Cr Hiroa and Cr Wilson.

Cr Panapa/His Worship the Mayor. Carried

## 4 Members' Conflict of Interest

There were no conflicts of interest declared.

## 5 Confirmation of order of business

There were no changes to the order of business.

## 6 Confirmation of minutes

**Resolved minute number** 20/FPE/38

That the 'Minutes of the Finance/Performance Committee' meeting held on 26 November 2020 without amendment be taken as read and verified as an accurate and correct record of the meeting.

Cr Carter/Cr Dalgety. Carried

## 7 Chair's Report

Councillor Belsham took the Chair's report as read and took the opportunity to thank Mr Tombs and his team's work on the Long Term Plan, along with the information on re-valuations across the district acknowledging there is a huge amount of work going into these processes.

Cr Gordon arrived at 9.46 am.

**Resolved minute number** 20/FPE/39

That the 'Chair's Report' to the 17 December 2020 Finance/Performance Committee be received.

Cr Belsham/Cr Carter. Carried



## 8 Follow-up Items from Previous Meetings

Mr Tombs advised that the timeframes noted for completing the three follow up actions from the previous meeting (reports on Council's Forestry Holdings, Depreciation and Revaluation) would need to be extended until March.

Mr Beggs thanked Cr Belsham for his acknowledgement of the work being done, saying there is a lot of hard work going on and taking into consideration the Long Term Plan work, he supported the delay in producing the reports. There is also demand on Mr Tomb's time with the 3 Waters issue.

**Resolved minute number**                      **20/FPE/40**

That the report 'Follow-up Items from Previous Meetings' to the 17 December 2020 Finance/Performance Committee Meeting be received.

Cr Dalgety/Cr Carter. Carried

## 9 Financial Snapshot – November 2020

Mr Tombs spoke to his report showing the comparison between the previous Financial Report and the new Activity Performance Reports. The new format provides a greater level of information and was considered an improvement to the current format.

It was noted that the phasing of several capital budgets does not reflect the fact that most of the related work is conducted in the January to June period.

Mr Beggs advised in regards the Putorino Landfill, the estimate does not appear to cover all the costs.

Ms Mcilroy has uncovered a fund within MBIE for the remediation of landfill, she has sent through an application which was declined. She responded by querying the decision and was given some information that she has used in a new application which has now been resubmitted (with the approval of MBIE).

There was general discussion around the different accounting treatment of capital versus operating expenditure and the naming of some of the capital projects.

Cr Ash arrived at 10.19 am

**Resolved minute number**                      **20/FPE/41**                      **File Ref**

That the memorandum 'Financial Snapshot - November 2020' to the 17 December 2020 Finance/Performance Committee meeting be received.

Cr Dalgety/Cr Gordon. Carried

That the Committee appreciates the explanation around the differences between the Capital Expenditure and Operational Expenses that has been given by Mr Tombs, and the Committee endorse the approach and note that it fits within standard accountancy policy.

HWTM/Cr Panapa. Carried

Recommendation to amend bullet point 3 on item 10 to read Marton Memorial Hall Playground Toilet.

Cr Belsham/Cr Gordon. Carried

## **10 Outcome of Grant Applicants - Event Sponsorship and Community Initiatives 2020/21 Round One**

A query was raised in the Chair's report dated 19 November 2020 in regards the Grants Funding decision making process and the significant amount of work required to administer it. The Chair wanted an understanding of the process and was it achieving the outcomes desired.

Following discussion, it was agreed to recommend to Council that the Finance / Performance Committee make decisions on the community grants process.

It was agreed that Smarty Grants should remain as it is a valuable tool. From an administrator's point of view, Smarty Grants has made it a lot easier to manage, particularly due to the tight time frames that are involved. It has also reduced the number of late applications that have been received.

**Resolved minute number**

**20/FPE/42**

**File Ref**

That the memorandum 'Outcome of Grant Applicants - Event Sponsorship and Community Initiatives 2020/21 Round 1' to the Finance and Performance Committee meeting 17 December 2020 meeting be received.

Cr Gordon/Cr Carter. Carried

Recommend to Council that decisions around the community grants process be put under the control of the Finance / Performance Committee as from July 2021.

Cr Belsham/Cr Carter. Carried

## **11 Late Items**

As agreed at item 6.

## **12 Next Meeting**

To be confirmed.

## **13 Meeting Closed**

The meeting closed at 10.46am.

# Attachment 2

# Report

Subject: **Chair's Report**

To: Finance / Performance Committee

From: Cr Nigel Belsham, Chair

Date: 19 February 2021

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Welcome to the Finance and Performance Committee meeting for February 2021.

Throughout the months of January and February, Elected members have had a huge amount of financial information to absorb that has been delivered through the various workshops that have been held. The impact of decisions made throughout the LTP process will have a strong impact on our ratepayers and it is important that each and every one of us understands how these decisions are funded. I would like to once again, thank Dave Tombs and his team for providing us with accurate and informative information and comment. This has been extremely useful in providing clear guidance for us all.

Council's financial results for December 2020 and January 2021 look positive with the statements showing Council to be tracking close to budget. Commentary on any differences are clearly explained. The new reporting format gives a more detailed look into the numbers and is providing a clearer picture.

As we head towards the 4<sup>th</sup> quarter of Council's financial year, it is timely to be projecting/ identifying some of the carry forwards of budgets where projects will not be completed by the end of the financial year. I understand that we may see some preliminary figures presented today either here at Finance & Performance or at Council.

Thank you all for your attendance today and I look forward to everyone's valuable input into this meeting.

## Recommendation

1. That the Chair's Report to the Finance / Performance Committee be received.

# Attachment 3

# Report

Subject: **Follow-up Items from Previous Meetings**

To: Finance/Performance Committee

From: Dave Tombs

Date: 19 February 2021

File: 3-CT-13-1

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## **1 Reason for Report**

- 1.1 On the list attached are items raised at previous Finance/Performance Committee meetings that staff have followed up on. All items indicate who is responsible for follow up, and a brief status comment. Once the items have been reported back to the Finance/Performance Committee they will be removed from the list.

## **2 Decision Making Process**

- 2.1 Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

## **3 Recommendation**

That the report 'Follow-up Items from Previous Meetings' be received.

Dave Tombs  
Group Manager Corporate Services

## Follow-up Actions from Finance / Performance Meeting 17 December 2020

Follow-up Action:	Person Assigned:	Status Comment:
Rates remissions Mr Tombs is to provide the committee a report on the criteria for getting a rates remission.	Dave Tombs	Report will be included on Agenda for March 2021 meeting
Capex vs Opex Mr Tombs and his team will provide information to get some clarity on coding for Capital Expenditure and Operating Expenditure.	Dave Tombs	Planned for February 2021 Council meeting
Recommend to Council that decisions around the community grants process be put under the control of the Finance / Performance Committee as from July 2021.	Carol Gordon	Is included on the agenda for the February Council meeting
<i>Actions from previous meetings still to be finalised</i>		
Staff to review Councils Forestry Holdings	Dave Tombs	Report will be included on Agenda once work related to the LTP allows
Options for depreciation on new / existing assets	Dave Tombs	Report will be included on Agenda for March 2021 meeting
Revaluation impact across the sector	Dave Tombs	Report will be included on Agenda once work related to the LTP allows
QV to meet with the committee in 2021	Dave Tombs	QV presented December 2020 (action closed)

# Attachment 4



## MEMORANDUM

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TO: Finance & Performance Committee

COPIES: Council

FROM: Dave Tombs

DATE: 18 February 2021

SUBJECT: **Financial Snapshot – January 2021**

Attachments: Activity Performance Reports for the 7 Months Ended 31 January 2021  
Capital Expenditure Report for the 7 Months Ended 31 January 2021

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### Activity Performance Report

1. Rates revenue is \$13.020 million year to date, which is 4% below the budget of \$13.620 million. The difference of \$0.6 million relates to the unbudgeted rates remissions, and metered water readings (which are only done three times a year) next being due in February. These have been partially offset by an increase in rate penalty income.
2. The Subsidies and Grants revenue budget variance of \$2.360 million (favourable) is mainly caused by:
  - receiving unbudgeted amounts for the Three Waters Reform (\$2.41m), Community Recovery Grant (\$250k), PGF Capital Funding (\$250k), Hunterville Bore Subsidy (\$350k), a Public Toilet grant (\$78k), and
  - timing differences: road subsidy income being \$0.861 million below budget (reflected in the Roothing Capital Expenditure being below budget), and Domains being \$117k below budget regarding receipt of public fundraising in relation to the new Marton Playground.
3. Other revenue is above budget by \$419k. This is due to:
  - the timing of revenue from dog registration fees;
  - increase in demand for resource consents (year to date is over budget by \$252k including one transaction of \$185k); and
  - increase in building consents which is currently \$47k over budget
4. Personnel costs year to date are \$3.060 million against a budget of \$2.801 million, a variance of \$0.259 million. This includes salaries for two full time positions that will be capitalised during February and throughout the rest of the year.

5. Other expenses year to date are \$9.489 million at, which is \$1m (9.5%) below the budget of \$10.482 million. Causes for this include:
- Putorino Landfill clean up is due to start in January, so while currently under budget by \$284k this will be balanced in the second half of the year;
  - Income relating to the Mayor's Taskforce for jobs (\$250k) incorrectly being credited to an expenditure account. This has since been corrected.
  - Contractor expenditure being significantly under budget due to the phasing of budgets.

### **Capital Expenditure Report**

6. Capital expenditure is \$7.3 million compared to a year to date budget of \$21.676 million. The capital budget has been evenly profiled over the year.
7. A summary of forecast year end unspent major capital budgets is being provided to the February Council meeting, together with an explanation of the difference between Capital Expenditure and Operating Expenditure.
8. The areas with major YTD budget variances are:
- Roading and Footpaths has a variance of \$3.928 million and this predominantly relates to:
    - i. Delays on the Mangaweka Bridge due to wild animal relocations; piles have now begun to be installed. This has a 2020/21 budget of \$4.9m (YTD variance is \$2.2m). Current estimates are that around \$2.9m will be spent by June 2021 and the balance will need to be carried forward to 2021/22
    - ii. Sealed road surfacing (\$800k YTD variance) commenced work in January
    - iii. Turakina Valley Road has a full year budget of \$1.1m (YTD \$0.6m) with work expecting to start in February or March. This work may be classified as 'repairs' in which case the expenditure will be (unbudgeted) operating expenditure
  - Three Waters has a YTD variance of \$6.5 million largely caused by the following:
    - iv. Land purchase: YTD budget \$700k, expenditure \$0, possible year end carry over of full year budget (\$1.2m)
    - v. Pipeline Marton to Bulls: YTD budget \$875k, expenditure \$20k, possible year carry over (\$1.2m out of full year budget of \$1.5m)
    - vi. Papakai Pump Station: YTD budget \$875k, expenditure \$73k, possible year carry over (\$1.2m out of full year budget of \$1.5m)
    - vii. Wastewater Treatment – Renewals : YTD budget \$614k, expenditure \$0k, possible year carry over (\$0.5m out of full year budget of \$1.1m). This is the Ratana disposal to land solution – work delayed due to negotiations with MfE.
    - viii. New Plant : YTD budget \$350k, expenditure \$0k, possible year carry over (\$0.5m out of full year budget of \$0.6m)
  - Domains has a budget variance due to delays on work at Taihape Memorial Park

- Libraries has a variance of \$0.997 million which is largely due to timing of expenditure on the construction of the new Marton Admin and Library building. This has a full year budget of \$2m but a large proportion of this may be carried forward to 2021/22.
  - Swim Centres variance of \$0.364 million as the work related to this is to commence during winter closing months, with approximately half of the funds possibly being carried forward to next financial year.
9. The Property Department has a variance of \$0.108 million relating to the King Street Depot and alternations to the High Street building, neither of which were allocated a budget for 2020/21.
10. Other items:
- Officers would like to reallocate the Taihape town hall capital budget of \$208k to the urgent replacement of Marton Memorial Hall roof. Work has already begun on replacing the Marton ceiling with the PGF funding received, but investigations revealed the roof requires total replacement. Officers are investigating whether the Taihape town hall would require a capital budget in 2021/22. This matter is included in a Report being presented at the February Council meeting with a Recommendation to repurpose this budget.
  - Another Report being presented at the February Council meeting will request \$622k of the Road Improvements capital budget to be repurposed to be able to be used for work associated with the Kuripapango Boundary Bridge.

### **Treasury and Debt**

11. At 31 January 2021 the Council had \$6.4 million available for immediate needs and \$4m in term deposits.
12. Rangitikei District Council has not drawn down any debt in the 2020/21 financial year. The debt balance at 31 January is \$3 million.

### **Significance and Engagement Policy**

13. This paper is for noting and as such is considered Low in terms of Council's Significance and Engagement Policy.

### **Recommendation**

1. That the report 'Financial Snapshot – January 2021' to the Finance and Performance Committee meeting be received.

Dave Tombs  
Group Manager, Finance and Business Support

**Rangitikei District Council**  
**Capital Expenditure Report**  
**For the 7 months ended 31 January 2021**

Account	2020/21 YTD Actuals January	2020/21 YTD Budgets January	2020/21 Full Year Budget
<b>Business Units</b>	<b>299,150</b>	<b>501,368</b>	<b>859,475</b>
3000. Fleet Management	23,616	78,750	135,000
95500701. Motor Vehicle Purchases (dr)	23,616	141,169	242,000
955007011. Motor Vehicles Sold	0	(62,419)	(107,000)
3600. Information Services	167,109	422,618	724,475
9260070304. -91 Technolgy Upgrades	18,341	91,567	156,975
9260076101. ISSP: Software EDRMS Upgrade	0	70,000	120,000
9260076102. ISSP: Software Info Council	0	20,419	35,000
9260076103. ISSP: MagiQ Performance Implementation	37,040	26,250	45,000
9260076104. ISSP: Digitalisation of Building Consents	0	29,169	50,000
9260076105. ISSP: IS RFS Asset Integration	0	23,331	40,000
9260076106. ISSP: Software Enterprise GIS Solution (incl E-Plan)	0	29,169	50,000
9260076107. ISSP: Software Mobility and Asset Finder	0	5,831	10,000
9260076108. ISSP: Device Inventory System (tracking devices)	0	11,669	20,000
9260076109. ISSP: S&R Laptops and Computers	30,477	29,169	50,000
9260076201. Move to Office 365	8,595	40,831	70,000
9260076202. Virtual Council Chambers	50,397	11,669	20,000
9260076203. Cloud-based Phone System	0	11,669	20,000
9260076204. Communication and Engagement Tools	0	8,750	15,000
9260076205. Aerial Photography	22,258	13,125	22,500
4100. Property	108,425	0	0
95301705. Office Furniture Purchases	9,926	0	0
95301706. Building Alterations	2,816	0	0
9530170603. Internal Repaint	270	0	0
95301707. King Street Depot	95,414	0	0
<b>Community &amp; Leisure Assets</b>	<b>2,134,526</b>	<b>5,690,825</b>	<b>9,755,653</b>
1300. Cemeteries	37,760	119,994	205,703
40701745. Ratana Hard Surface Roadway	0	26,348	45,163
40701761. 70: Mt View Roadway Extension	14,560	21,329	36,558
40701762. 71: Taihape New Hard Surface	0	28,224	48,389
40701763. 113: Land Acquisition	0	21,952	37,635
40701771. Ohingaiti Cemetery Fence	23,200	16,310	27,958
40701780. Rangitira Road Second Coat	0	5,831	10,000
1900. Community Housing	7,794	98,112	168,192
4040170601. Building Alterations - Contract	2,307	98,112	168,192
4040170604. Renewals	5,487	0	0
2600. Domains	152,545	1,366,239	2,342,107
4410170611. -60.1 Taihape Memorial Park	54,012	1,166,669	2,000,000
4410170614. Campgrounds UV Treatment-LTPid72	2,705	13,713	23,506
4410170616. -93 Park Signage	1,060	2,919	5,000
4410170617. -96 New Park Furniture	3,016	5,831	10,000
4410170623. -60.3 Playground Equipment Upgrade	9,355	10,969	18,801
4410170624. -60.5 Hard Surfaces Parks	5,205	7,000	12,000
4410170625. 60.6 Provn for Fencing	5,000	2,919	5,000
4410170628. -123 Parks UpgradePartnership Scheme- Memorial Hall Carpark	0	34,398	58,963
4410170629. -124 Parks Upgrade Partnership Scheme-Mem Hall Council Contrn	56,357	38,521	66,037
4410170701. Hautapu River Parks Project	239	8,750	15,000
4410170702. Onepuhi Domain	0	3,381	5,800
4410170703. Northern Rugby Wanganui Sub Union	15,596	14,000	24,000

4410170704. Bulls Domain Pavillion Repairs (shower, deck, roof)	0	29,169	50,000
4410170705. Taihape Domain Power Upgrade	0	17,500	30,000
4410170706. Skate Park Remediation	0	5,831	10,000
4410170707. Mangaweka Pavillion	0	4,669	8,000
<b>3100. Forestry</b>	<b>69,373</b>	<b>61,250</b>	<b>105,000</b>
20300771. Marton Dam Planting	69,373	61,250	105,000
<b>3200. Halls</b>	<b>1,723,761</b>	<b>2,250,654</b>	<b>3,858,254</b>
40901706. Bulls Community Centre-LTPid62	1,511,579	0	0
4090170601. Renewals	11,450	0	0
4090170604. Taihape Town Hall	0	59,619	102,200
4090170607. -84 Memorial Hall Interior Paint	146,758	29,806	51,100
4090170609. -111 Furniture Bulls Civic Centre	16,561	59,619	102,200
4090170610. -112 Reconfigure old Bulls Library Heritage	0	59,619	102,200
4090170611. Koitiata Hall New Roof	13,857	11,669	20,000
4090174501. Additional Funding for Capital on Bulls Centre	17,776	1,192,863	2,044,913
4090174502. Bulls Bus Lane and Hub	3,295	458,136	785,373
4090174503. Bulls Town Square	2,487	257,467	441,368
4090174504. 64: Upgrade Taihape Town Hall - Design Build Construct	0	121,856	208,900
<b>3700. Libraries</b>	<b>65,057</b>	<b>1,236,739</b>	<b>2,120,118</b>
40801705. Furniture and Fittings	7,528	9,142	15,668
4080170604. -67 New Marton Admin Library- Detailed Design	0	14,777	25,330
4080170605. 68: New Marton Admin & Library - Construction	14,280	1,151,892	1,974,670
40801708. Library Book Purchases	43,249	60,928	104,450
<b>4300. Public Toilets</b>	<b>62,237</b>	<b>193,669</b>	<b>332,005</b>
4060170604. -80 Hunterville Toilets Paint	0	14,777	25,330
40601709. Toilets Mangaweka Bridge-LTPid74	0	91,392	156,675
4060170901. New Toilet	20,103	0	0
4060170904. -115 Centennial Park Marton Mem Hall Playground	42,133	87,500	150,000
<b>4500. Real Estate</b>	<b>16,000</b>	<b>0</b>	<b>0</b>
2090170601. Renewals	16,000	0	0
<b>5100. Swim Centres</b>	<b>0</b>	<b>364,168</b>	<b>624,274</b>
40001705. 75: Swim Centres - new pool covers & paint of pools	0	37,702	64,626
4000170610. -76 Re roof Swim Centre	0	71,610	122,760
4000170611. -78 Boilers MSC	0	30,044	51,500
4000170613. -103 New Roof and insulation for MSC	0	179,025	306,900
4000170615. 59: Upgrades and Replacements	0	45,787	78,488
<b>Community Wellbeing</b>	<b>5,210</b>	<b>0</b>	<b>0</b>
<b>3400. Information Centres</b>	<b>5,210</b>	<b>0</b>	<b>0</b>
40101705. FURNITURE & FITTINGS	5,210	0	0
<b>Roading &amp; Footpaths</b>	<b>2,996,043</b>	<b>7,321,356</b>	<b>12,550,887</b>
<b>3800. Non-Subsidised Roading</b>	<b>4,415</b>	<b>524,892</b>	<b>899,807</b>
7030076101. Hereford Heights Intersection	4,095	175,000	300,000
7030076102. Markirikiriri Rail Hub Access Road	0	116,669	200,000
7030076103. Taihape Slip Investigation	0	17,500	30,000
70300788. Footpath Renewals	0	147,154	252,262
70300801. Unsub Road Construction- Construction	320	68,565	117,541
<b>5000. Subsidised Roading</b>	<b>2,991,628</b>	<b>6,796,464</b>	<b>11,651,080</b>
70100745. Marton Rail Hub	97,221	0	0
70100780. Unsealed Road Metalling & Rehabilitation	166,463	281,106	481,896
70100781. Sealed Road Pavement Rehabilitation	1,014,643	598,878	1,026,648
70100782. Drainage Renewals	360,786	366,660	628,560
70100783. Structures Components Replacements	44,843	123,081	211,000
70100784. Accelerated LED Renewals	74,838	0	0
7010078409. Asset Mgmt P/S - Staff Time	85,723	0	0
7010078410. Investment Management Planning	66,579	30,555	52,380
7010078411. Renewal Road Improvements-LTPid10	20,020	467,187	800,890
7010078412. Renewal Resilience Imp-LTPid13	0	62,517	107,169

7010078413. Renewal Minor Improvements-LTPid12	3,350	123,746	212,139
7010078414. Renewal Cycling Facilities-LTPid14	0	1,526	2,619
7010078415. Renewal Public Transport Facil-LTPid15	0	3,360	5,762
7010078417. Renewal Footpath	34,130	1	1
7010078418. 2: Programme Business Case Development	0	30,555	52,380
70100785. Traffic Services Renewals	15,519	91,665	157,140
70100786. Carriageway Lighting Renewals	5,292	0	0
70100787. Sealed Road Surfacing	41,232	845,397	1,449,250
70100789. Subsidised Roding Purchase Order Susp	618	0	0
7010079402. Taihape Napier Road	210	0	0
7010079403. Turakina Valley Road	0	623,378	1,068,646
70100795. Improvements- Low Cost Low Risk	338,454	129,248	221,567
70100796. Major Bridge Refurbishment	128,582	182,784	313,345
7010079601. Mangaweka Bridge Construction	425,095	2,618,987	4,489,686
7010079602. Mangaweka Bridge Construction MSQA	68,031	215,831	370,000
<b>Water, Sewerage &amp; Stormwater</b>	<b>1,867,644</b>	<b>8,162,581</b>	<b>13,993,000</b>
4900. Stormwater	92,294	848,904	1,455,270
6050176103. Marton Reticulation - Staff Time	1,750	0	0
6050176163. Ren SW Retic-LTPid56	(9,557)	0	0
6050176201. 56.1: Wellington Road Construction	1,445	262,500	450,000
6050176202. 56.2: Open Drain Renewals	47,624	58,331	100,000
6050177201. Walton Street Renewal	999	145,831	250,000
6050177202. George Street Stormwater Renewal	5,540	87,500	150,000
6050177203. Bredins Line New Outfall	25,698	116,669	200,000
6050177301. Marton Reticulation - Contractor	659	0	0
6050177363. LOS SW Retic-LTPid55	6,365	58,331	100,000
6050177364. -121 RDC Storm Water Asset Strategy	11,771	119,742	205,270
5600. Waste Water - Sewerage	336,830	3,882,291	6,655,348
6070176101. Marton Reticulation - Contractor	6,418	0	0
6070176102. Marton Reticulation - Staff Time	3,495	0	0
6070176112. Taihape Reticulation - Staff Time	7,498	0	0
6070176151. Koitiata Treatment - Contractor	98	0	0
6070176186. Hunterville Treatment - Contractor	395	0	0
6070176203. 50: Wastewater Reticulation - New Works	0	29,169	50,000
6070176204. 52: Wastewater Reticulation - Renewals (note 1)	280,000	350,000	600,000
6070176205. 89: Wastewater Treatment - Renewals	0	614,075	1,052,700
6070176206. 54.1: Pipeline Marton to Bulls	19,775	875,000	1,500,000
6070176207. 54.2: Land Purchase	0	700,000	1,200,000
6070176208. 51: Wastewater Reticulation - O & M	0	24,563	42,108
6070177105. WWTP Minor Upgrades	9,626	29,169	50,000
6070177106. -119 RDC Waste Water Asset Mgt Strategy	124,141	151,984	260,540
6070177107. -120.1 RDC Scada and control review	(211,355)	87,500	150,000
6070177108. Taihape WWTP Consent Application Work	0	145,831	250,000
6070177109. Papakai Pump Station Replacement	73,486	875,000	1,500,000
6070177301. Marton Reticulation - Contractor	18,884	0	0
6070177304. Taihape Reticulation - Contractor	250	0	0
6070177305. Taihape Reticulation - Staff Time	4,120	0	0
5700. Water - District	1,438,519	3,031,805	5,197,370
6060174501. 117.1: New Plant	0	350,000	600,000
6060174502. 36: New Connections, Metering and Backflow	0	17,500	30,000
6060176103. Marton Reticulation - Staff Time	97,366	0	0
6060176121. Taihape Reticulation - Contractor	11,685	0	0
6060176151. Bulls Treatment - Contractor	700	0	0
6060176153. Bulls Treatment - Staff Time	29,768	0	0
6060176161. Mangaweka Reticulation - Contractor	249,655	0	0
6060176163. Mangaweka Reticulation - Staff Time	15,435	0	0
6060176311. Ren Water District-LTPid40	57,352	35,000	60,000

6060176312. Ren Tment O & M - LTPid39	0	29,169	50,000
6060176313. Ren WTP Crit Assets-LTPid40.1	71,475	29,169	50,000
6060176315. LOS Tment Minor Works Urban WTP-LTPid38	25,750	29,169	50,000
6060176316. Ren- Retic Bulls Reservoir -LTPid37.5	476,536	932,750	1,599,000
6060176317. -116 RDC Water Asset Management Strategy	0	116,669	200,000
6060176319. -118 Compliance Improvement Plan	217,812	149,772	256,750
6060176320. -38.1 Water Treatment improvements	4,803	0	0
6060176321. -92 Tuaetnui Trunk Main Replac Jeff Line to Somersal	(27,412)	175,000	300,000
6060176322. 37.4: Marton WIP and Dam Renewals	11,740	565,831	970,000
6060176323. 37: Taihape - Intention to Replace pre-1980 pipes by 2050	156,575	233,331	400,000
6060176324. 37.1: Taihape falling main replacement	0	368,445	631,620
6060177301. Marton Reticulation - Contractor	24,286	0	0
6060177381. Ratana Reticulation - Contractor	1,475	0	0
6060177391. Ratana Treatment - Contractor	13,519	0	0
<b>5800. Water - Hunterville Urban</b>	<b>7,208</b>	<b>201,243</b>	<b>345,000</b>
6060776301. Hunterville Treatment - Contractor	0	14,581	25,000
6060777301. Hunterville Treatment - Contractor	7,208	145,831	250,000
6060777303. New Hunterville Plant Design	0	40,831	70,000
<b>5900. Water Supply Erehwon</b>	<b>0</b>	<b>167,020</b>	<b>286,324</b>
6061676201. Erehwon Reticulation - contractor	0	167,020	286,324
<b>6000. Water Supply Hunterville Rural</b>	<b>20,255</b>	<b>27,636</b>	<b>47,372</b>
6061776201. HRWS Reticulation - Contractor	5,535	15,351	26,318
6061776301. HRWS Treatment - Contractor	0	12,285	21,054
6061777303. HRWS Reticulation - Staff Time	14,720	0	0
<b>6100. Water Supply Omatane</b>	<b>4,151</b>	<b>3,682</b>	<b>6,316</b>
6061876301. -49 Omatane Rural Water Retic renewals	4,151	3,682	6,316
<b>Grand Total</b>	<b>7,302,572</b>	<b>21,676,130</b>	<b>37,159,015</b>

Note 1

audit trail file note

\$280k manually added to Wastewater Retic Renewals - coded elsewhere in ledger

**Rangitikei District Council**  
**Whole of Council**  
**Activity Performance Report**  
**For the 7 months ended 31 January 2021**

	2020/21 YTD Actuals January	2020/21 YTD Budgets January	2020/21 YTD Variance January	2020/21 YTD Percentage Variance January	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
<b>Revenue</b>					
Subsidies and Grants	(8,849)	(6,490)	2,360	36.36%	(11,125)
Other Revenue	(2,138)	(1,719)	419	24.35%	(2,947)
Finance Revenue	(5)	(71)	(65)	-92.39%	(121)
Other Comprehensive	1	0	(1)	-100.00%	0
Rates	(13,020)	(13,620)	(600)	-4.41%	(23,349)
<b>Total</b>	<b>(24,011)</b>	<b>(21,899)</b>	<b>2,112</b>	<b>9.64%</b>	<b>(37,542)</b>
<b>Expense</b>					
Other Expenses	9,489	10,482	994	9.48%	17,970
Personnel Costs	3,060	2,801	(259)	-9.24%	4,801
Finance Costs	37	80	43	53.63%	138
Depreciation and Amortisation	7,174	7,251	77	1.06%	12,430
Internal Charges and Recoveries	0	28	28	100.00%	48
<b>Total</b>	<b>19,759</b>	<b>20,642</b>	<b>883</b>	<b>4.28%</b>	<b>35,386</b>
<b>Grand Total</b>	<b>(4,252)</b>	<b>(1,257)</b>	<b>2,995</b>	<b>238.17%</b>	<b>(2,156)</b>

Commentary regarding these variances is included on the accompanying summaries.



**Rangitikei District Council**  
**Business Units**  
**Activity Performance Report**  
**For the 7 months ended 31 January 2021**

	2020/21 YTD Actuals January	2020/21 YTD Budgets January	2020/21 YTD Variance January	2020/21 YTD Percentage Variance January	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
<b>Revenue</b>					
Subsidies and Grants	(2)	0	2	100.00%	0
Other Revenue	(13)	(14)	(1)	-9.27%	(24)
Finance Revenue	(5)	(71)	(65)	-92.39%	(121)
Other Comprehensive	0	0	(0)	-100.00%	0
Rates	908	574	(334)	-58.26%	984
<b>Total</b>	<b>888</b>	<b>489</b>	<b>(399)</b>	<b>-81.53%</b>	<b>839</b>
<b>Expense</b>					
Other Expenses	1,426	1,691	265	15.69%	2,899
Personnel Costs	2,552	2,369	(183)	-7.72%	4,061
Finance Costs	37	(538)	(575)	-106.92%	(923)
Depreciation and Amortisation	227	266	40	14.95%	457
Internal Charges and Recoveries	(4,190)	(4,205)	(15)	-0.36%	(7,208)
<b>Total</b>	<b>51</b>	<b>(417)</b>	<b>(468)</b>	<b>-112.34%</b>	<b>(715)</b>
<b>Grand Total</b>	<b>939</b>	<b>72</b>	<b>(867)</b>	<b>-1199.50%</b>	<b>124</b>

**Variances > \$100k : Comments**

Rates Revenue

Rate penalties revenue is \$173k over budget; while rate remissions given out have totalled \$510k to date with no budget.

Other Expenses

Variance is largely due to timing differences relating to the phasing of budgets (eg audit costs)

Personnel Costs

Three full time positions (HR Manager, ISSP Manager, PMO) were not budgeted for in 20/21; two full time positions currently included that will be capitalised out.

Finance Costs

These will remain over budget for the year as Internal Interest Charges received from the Activity Cost Centres are not recorded until year end.

**Rangitikei District Council**  
**Community & Leisure Assets**  
**Activity Performance Report**  
**For the 7 months ended 31 January 2021**

	2020/21 YTD Actuals January	2020/21 YTD Budgets January	2020/21 YTD Variance January	2020/21 YTD Percentage Variance January	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
<b>Revenue</b>					
Subsidies and Grants	(356)	(133)	223	168.44%	(227)
Other Revenue	(411)	(390)	21	5.44%	(668)
Other Comprehensive	1	0	(1)	-100.00%	0
Rates	(2,433)	(2,445)	(11)	-0.47%	(4,191)
<b>Total</b>	<b>(3,199)</b>	<b>(2,967)</b>	<b>232</b>	<b>7.82%</b>	<b>(5,086)</b>
<b>Expense</b>					
Other Expenses	1,184	1,240	56	4.53%	2,126
Personnel Costs	0	0	0	0.00%	0
Finance Costs	0	112	112	100.00%	193
Depreciation and Amortisation	610	615	5	0.74%	1,054
Internal Charges and Recoveries	1,054	1,045	(9)	-0.84%	1,791
<b>Total</b>	<b>2,848</b>	<b>3,013</b>	<b>164</b>	<b>5.46%</b>	<b>5,164</b>
<b>Grand Total</b>	<b>(350)</b>	<b>46</b>	<b>397</b>	<b>860.99%</b>	<b>79</b>

**Variances > \$100k : Comments**

Subsidies and Grants Revenue

Unbudgeted subsidies from PGF for \$250k received for Halls and from MBIE \$78k for Public Toilets; partially offset by timing difference regarding the receipt of public fundraising in relation to the Marton Playground.

Finance Costs

These will remain under budget for the year as Internal Interest Charges paid by the Activity Cost Centres are not recorded until year end.

**Rangitikei District Council**  
**Community Leadership**  
**Activity Performance Report**  
**For the 7 months ended 31 January 2021**

	2020/21 YTD Actuals January	2020/21 YTD Budgets January	2020/21 YTD Variance January	2020/21 YTD Percentage Variance January	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
<b>Revenue</b>					
Other Revenue	0	0	0	0.00%	0
Rates	(746)	(741)	5	0.63%	(1,271)
<b>Total</b>	<b>(746)</b>	<b>(741)</b>	<b>5</b>	<b>0.63%</b>	<b>(1,271)</b>
<b>Expense</b>					
Other Expenses	343	396	52	13.24%	678
Finance Costs	0	1	1	100.00%	3
Depreciation and Amortisation	1	1	0	0.17%	2
Internal Charges and Recoveries	337	343	7	1.94%	589
<b>Total</b>	<b>681</b>	<b>741</b>	<b>61</b>	<b>8.17%</b>	<b>1,271</b>
<b>Grand Total</b>	<b>(65)</b>	<b>0</b>	<b>65</b>	<b>100.00%</b>	<b>0</b>

**Variances > \$100k : Comments**

**Rangitikei District Council**  
**Community Wellbeing**  
**Activity Performance Report**  
**For the 7 months ended 31 January 2021**

	2020/21 YTD Actuals January	2020/21 YTD Budgets January	2020/21 YTD Variance January	2020/21 YTD Percentage Variance January	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
<b>Revenue</b>					
Subsidies and Grants	(272)	(36)	236	652.11%	(62)
Other Revenue	(16)	(13)	3	20.55%	(22)
Other Comprehensive	0	0	0	0.00%	0
Rates	(869)	(832)	37	4.39%	(1,427)
<b>Total</b>	<b>(1,156)</b>	<b>(881)</b>	<b>275</b>	<b>31.20%</b>	<b>(1,511)</b>
<b>Expense</b>					
Other Expenses	275	742	467	62.93%	1,271
Personnel Costs	94	67	(27)	-40.48%	115
Finance Costs	0	1	1	100.00%	2
Depreciation and Amortisation	3	3	0	10.12%	5
Internal Charges and Recoveries	315	339	25	7.29%	582
<b>Total</b>	<b>686</b>	<b>1,152</b>	<b>466</b>	<b>40.42%</b>	<b>1,975</b>
<b>Grand Total</b>	<b>(470)</b>	<b>271</b>	<b>741</b>	<b>273.62%</b>	<b>464</b>

**Variances > \$100k : Comments**

Subsidies and Grants Revenue

Unbudgeted \$250k grant for Community Recovery received.

Other Expenses

Putorino Landfill Cleanup is under budget by \$284k as work has only just commenced. Community Recovery grants expenses are unbudgeted for (though offset by the corresponding unbudgeted income) and are at \$156k. District Promotions are also under budget (\$52k). Income relating to The Mayor's Taskforce for Jobs (\$250k) incorrectly coded to an expense code (corrected in February).

**Rangitikei District Council  
Environmental & Regulatory  
Activity Performance Report  
For the 7 months ended 31 January 2021**

	2020/21 YTD Actuals January	2020/21 YTD Budgets January	2020/21 YTD Variance January	2020/21 YTD Percentage Variance January	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
<b>Revenue</b>					
Subsidies and Grants	1	0	(1)	-100.00%	0
Other Revenue	(1,134)	(735)	399	54.38%	(1,259)
Rates	(714)	(709)	5	0.71%	(1,216)
<b>Total</b>	<b>(1,847)</b>	<b>(1,444)</b>	<b>404</b>	<b>27.96%</b>	<b>(2,475)</b>
<b>Expense</b>					
Other Expenses	360	372	12	3.30%	637
Personnel Costs	414	365	(49)	-13.39%	626
Finance Costs	0	2	2	100.00%	3
Internal Charges and Recoveries	732	791	59	7.48%	1,356
<b>Total</b>	<b>1,506</b>	<b>1,530</b>	<b>24</b>	<b>1.58%</b>	<b>2,622</b>
<b>Grand Total</b>	<b>(342)</b>	<b>86</b>	<b>428</b>	<b>496.62%</b>	<b>148</b>

**Variances > \$100k : Comments**

Other Revenue

Dog registrations are largely collected at the beginning of the financial year, whereas the income budget has been evenly distributed for each month; Resource Consents are over budget by \$252k (mainly influenced by one transaction worth \$185k) and Building Consents over budget by \$47k.

Personnel Costs

Positions have been re-sized.

**Rangitikei District Council**  
**Roading & Footpaths**  
**Activity Performance Report**  
**For the 7 months ended 31 January 2021**

	2020/21 YTD Actuals January	2020/21 YTD Budgets January	2020/21 YTD Variance January	2020/21 YTD Percentage Variance January	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
<b>Revenue</b>					
Subsidies and Grants	(5,460)	(6,321)	(861)	-13.62%	(10,836)
Other Revenue	(73)	(89)	(16)	-17.56%	(152)
Other Comprehensive	0	0	0	0.00%	0
Rates	(4,006)	(4,066)	(60)	-1.48%	(6,970)
<b>Total</b>	<b>(9,538)</b>	<b>(10,475)</b>	<b>(937)</b>	<b>-8.94%</b>	<b>(17,958)</b>
<b>Expense</b>					
Other Expenses	3,040	3,404	365	10.72%	5,836
Finance Costs	0	21	21	100.00%	36
Depreciation and Amortisation	4,537	4,537	(0)	0.00%	7,777
Internal Charges and Recoveries	584	568	(16)	-2.78%	973
<b>Total</b>	<b>8,160</b>	<b>8,530</b>	<b>370</b>	<b>4.34%</b>	<b>14,623</b>
<b>Grand Total</b>	<b>(1,379)</b>	<b>(1,945)</b>	<b>(567)</b>	<b>-29.13%</b>	<b>(3,335)</b>

**Variances > \$100k : Comments**

Subsidies and Grants Revenue	Subsidised roading under budget due to some capital work not yet completed, so have not yet received the NZTA subsidies.
Other Expenses	Roading is under budget for External Contractors (\$410k) as some work has yet to commence; but over budget (\$45k) in Pavement and Environmental Maintenance, which includes the removal of dangerous rural trees.

**Rangitikei District Council**  
**Rubbish & Recycling**  
**Activity Performance Report**  
**For the 7 months ended 31 January 2021**

	2020/21 YTD Actuals January	2020/21 YTD Budgets January	2020/21 YTD Variance January	2020/21 YTD Percentage Variance January	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
<b>Revenue</b>					
Other Revenue	(419)	(330)	88	26.76%	(566)
Other Comprehensive	0	0	0	0.00%	0
Rates	(590)	(585)	5	0.81%	(1,003)
<b>Total</b>	<b>(1,008)</b>	<b>(915)</b>	<b>93</b>	<b>10.18%</b>	<b>(1,569)</b>
<b>Expense</b>					
Other Expenses	779	757	(22)	-2.91%	1,297
Finance Costs	0	3	3	100.00%	5
Depreciation and Amortisation	56	72	16	22.10%	123
Internal Charges and Recoveries	83	84	0	0.55%	143
<b>Total</b>	<b>918</b>	<b>915</b>	<b>(3)</b>	<b>-0.29%</b>	<b>1,569</b>
<b>Grand Total</b>	<b>(90)</b>	<b>0</b>	<b>90</b>	<b>258463.11%</b>	<b>0</b>

**Variances > \$100k : Comments**

**Rangitikei District Council**  
**Water, Sewerage & Stormwater**  
**Activity Performance Report**  
**For the 7 months ended 31 January 2021**

	2020/21 YTD Actuals January	2020/21 YTD Budgets January	2020/21 YTD Variance January	2020/21 YTD Percentage Variance January	2020/21 Full Year Budget
	\$000	\$000	\$000		\$000
<b>Revenue</b>					
Subsidies and Grants	(2,760)	0	2,760	100.00%	0
Other Revenue	(73)	(149)	(76)	-51.05%	(256)
Other Comprehensive	0	0	0	0.00%	0
Rates	(4,571)	(4,816)	(245)	-5.09%	(8,256)
<b>Total</b>	<b>(7,404)</b>	<b>(4,965)</b>	<b>2,439</b>	<b>49.12%</b>	<b>(8,512)</b>
<b>Expense</b>					
Other Expenses	2,083	1,881	(202)	-10.74%	3,225
Finance Costs	0	478	478	100.00%	819
Depreciation and Amortisation	1,740	1,757	17	0.94%	3,011
Internal Charges and Recoveries	1,086	1,063	(23)	-2.20%	1,821
<b>Total</b>	<b>4,909</b>	<b>5,178</b>	<b>269</b>	<b>5.20%</b>	<b>8,877</b>
<b>Grand Total</b>	<b>(2,495)</b>	<b>213</b>	<b>2,708</b>	<b>1272.58%</b>	<b>365</b>

**Variances > \$100k : Comments**

Subsidies and Grants Revenue	Three Waters reform subsidy of \$2.41m received but not budgeted for; and a grant of \$350k for Hunterville Bore also unbudgeted for.
Rates Revenue	Metered Water is only read three times a year - next reading due in February.
Other Expenses	External contractors for District Water are over budget (\$177k).
Finance Costs	Internal Interest Charges are not calculated until year end.



# Attachment 5

# Report

Subject: **Draft Revenue and Finance Policy**

To: Finance and Performance Committee

From: Dave Tombs

Date: 19 February 2021

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## **1 Executive Summary**

### **1. Purpose of the report**

To provide Finance and Performance Committee with a draft copy of the proposed amended Revenue and Finance Policy.

### **2. Key issues**

Council's Revenue and Finance Policy is required to be included in its Long Term Plan.

### **3. Major recommendations**

That Finance and Performance Committee review the draft copy of the proposed amended Revenue and Finance Policy and provide comment as appropriate.

## **2 Context**

### **1. Background**

The draft copy of the proposed amended Revenue and Finance Policy is quite different in style and format to the current version. This is consistent with sector-wide commentary that such Policies should be drafted in a less technical fashion.

The final copy of the Revenue and Finance Policy will go to Council on 25 March to be adopted for consultation as part of the Long Term Plan formal submission process.

## **3 Analysis**

### **1. Views**

The draft copy of the proposed amended Revenue and Finance Policy includes reference to rating differentials and Council's considerations regarding changing the uniform annual general charge (UAGC).

The Local Government Act 2002 states that one of the reasons for the financial policies required under the legislation is to provide "predictability and certainty about sources and

levels of funding”. Officers believes this is important for ratepayers and especially so when a revaluation occurs. This is considered consistent with Councils revised and past Revenue and Financing Policies.

The justification for changes to the UAGC and the introduction of differentials are to achieve more equitable rates rises. It is consistent with past practice to consider the incidence of rates within the district and to maintain some level of consistency which is important for ratepayers. It is impossible to completely eliminate the differences that occur at a revaluation, but Council can have some influence between rating categories.

#### **4 Recommendation**

1. That the report on Draft Revenue and Finance Policy be received.
2. That Finance and Performance Committee review the draft copy of the proposed amended Revenue and Finance Policy and provide comment as appropriate.

Dave Tombs  
Group Manager Corporate Services

# Appendix 1

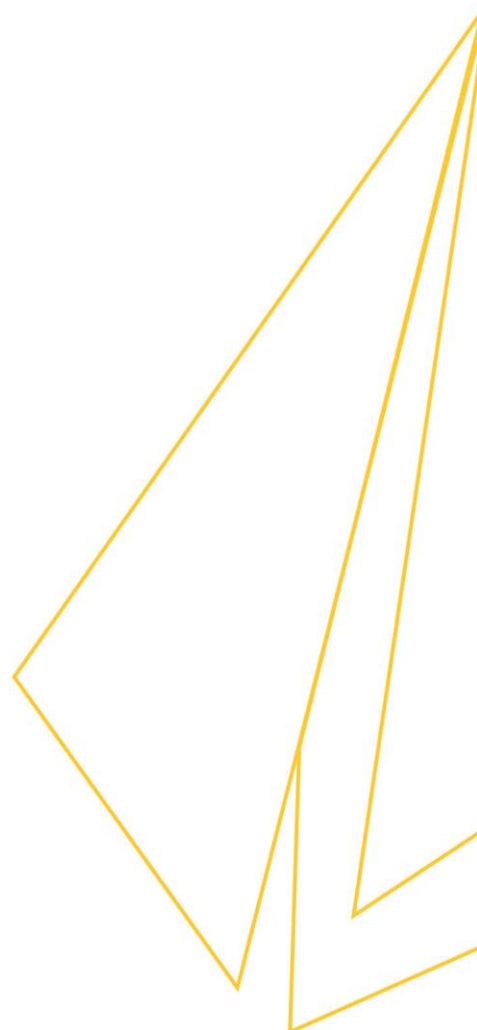


**RANGITIKEI**  
DISTRICT COUNCIL

**DRAFT**

## **REVENUE AND FINANCING POLICY**

*Extracted from the xx Long Term Plan*



<b>Date of adoption by Council</b>	xx
<b>Resolution Number</b>	x
<b>Date by which review must be completed</b>	x
<b>Relevant Legislation</b>	Sections 101(3), 102(1,4) and 103 of the Local Government Act 2002
<b>Statutory or Operational Policy</b>	Statutory
<b>Included in the LTP</b>	Yes

### Introduction

The Local Government Act 2002 ("LGA2002") requires Council to adopt a Revenue and Financing Policy (S102)<sup>1</sup> that must:

- state Council's policies in respect of funding both operating expenses and capital expenditure from the sources available to it (S103(1)); and
- show that Council has determined its overall funding needs by identifying the most appropriate source(s) of funds to be used for each activity (S101(3)).

In accordance with the Local Government Act 2002 S101(3) Council considers the following when determining which funding source is appropriate for each activity:

- The community outcomes to which the activity primarily contributes; and
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- The period in or over which those benefits are expected to occur; and
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity;
- The costs and benefits, including consequences for transparency; and
- The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural wellbeing of the community. This includes consideration of matters such as affordability and predictability of rates.

These considerations will sometimes have conflicting outcomes. When Council applies these principles to identify the appropriate funding for its activities it considers the overall impact on the Community.

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<sup>1</sup> Note : As at the time of developing this Policy, COVID has not had a material impact on Council's ability to manage within this Policy.

## Part A

### 1. General Principles for revenue and funding management

- Council will manage its finances in a way that promotes the current and future interests of the community
- Consistent with S100(1) LGA2002, Council will aim to generate sufficient operating income each year to cover its operating expenses
- Council will use a mix of revenue sources to cover its operating expenses
- Council will apply the most appropriate mix of revenue sources for each of its different activities
- When determining the level of income required to cover its operating expenses Council will seek to avoid including:
  - grants with no associated operating expenditure; and
  - proceeds from disposal of assets; and
  - reserves; and
  - increases in the fair value of fixed assets (that essentially result from applying Accounting Standards at the end of each financial year); and
  - borrowings.
- Council recognises that unforeseen operating expenses may arise
- Council will seek to attract appropriate sources of external revenue to help reduce the burden on its ratepayers and residents
- Council will ensure its level of operating expenditure is managed appropriately to help constrain the levels of operating revenue required to achieve these general principles
- Council may choose to not fully fund operating expenditure in a particular year if the deficit can be funded from operating surpluses in the preceding year or subsequent years. An operating deficit will only be budgeted when beneficial to avoid significant fluctuations in rates, fees and/or charges. Such operating deficits will typically be funded from cash reserves or borrowings.
- Council will adopt a long term view when applying these general principles.

### 2. Funding of Operating Expenditure

Council will ordinarily use the following sources of income to finance its operating expenses:

- General Rates (including the Uniform Annual General Charge)  
Considered appropriate where it is not practicable, equitable or cost effective to identify the individual or group of beneficiaries (or causers of costs) of the service. May be used to apply to a particular service to reduce the level of fees and charges that are required to be raised for that service.
- Targeted Rates  
Considered appropriate in a range of circumstances including where the service is of benefit to a specific group of ratepayers and where it is practicable and considered equitable.
- Levies, fees and charges  
Considered appropriate where the users of a service can be identified and charged according to their use of the service and where it is practicable and considered equitable. The level of fees and charges is set to recover the costs (either partially or fully) of providing that service.

- Subsidies and Grants

Such funding is often received for a specific purpose and Council has no discretion regarding the use of such income. Generally, these funds reduce the need for Council to raise income through General rates, targeted rates or Levies, fees and charges.

- Development Contributions

Considered appropriate to fund costs associated with development.

- Borrowing

Considered appropriate to fund new capital projects that deliver benefits over a number of years. Sometimes required to fund operating expenses such as depreciation and/or an operating deficit.

- Petrol Tax

Considered appropriate to help fund costs associated with Roading and Footpaths Group.

- Other (Finance income, sundry)

Considered appropriate to fund costs associated with the provision of the service to which it relates, replacement of assets and/or to decrease levels of required debt.

### **General Rates and Targeted Rates : Further Information**

When setting the General Rates, Targeted Rates and Levies, fees and charges, Council balances a range of considerations including:

- The impact on the current and future social, economic, environmental and cultural wellbeing of the Community; and
- The most appropriate mix of funding for each of its activities (refer to Part B below)

The General Rate is used to fund activities that are predominantly provided for the benefit for the community as a whole and individual charging for these services is viewed as being impracticable, inequitable and/or not cost effective.

Council uses the Capital Value of properties to set the General Rate. Council may introduce rating differentials where it considers it reasonable and equitable: for example to alleviate the impact of large increases in the Capital Value of any rating category/categories relative to other rating categories. Such increases can arise where a particular rating category incurs a high increase in its capital values relative to other categories.

Council applies a Uniform Annual General Charge (UAGC) as part of the General Rate. The level of UAGC is determined by Council based on what it considers fair, equitable and necessary to provide a fair distribution of rates. Council may adjust the UAGC to alleviate the impact of large increases in any rating category/categories. Such increases can arise where a particular rating category incurs a high increase in its capital values relative to other categories.

Targeted Rates are used to fund operations, maintenance and renewal costs related to the provision of specific activities. Council may also use a Targeted Rate for a service to show clearly the costs of a service, even if the service and rate are district wide.

Targeted Rates that are set in circumstances where the service is available to only parts of the community will be charged on a basis of service provision and will not be based on the value of the property. These rates are in the nature of a proxy for a user charge.



Generally, Council will seek to avoid:

- Large increases in any rating category. Such increases can often arise where a particular rating category incurs a high increase in its capital values relative to other categories; and
- Large 'across the board' annual rate increases. Council will aim to apply a pattern of steady, constant rate increase as opposed to a series of alternating high increases and minor increases.

Council may identify instances where some land uses receive more benefit from, or place more demands on, council services and/or may have a differing ability to pay rates. In such situations, where considered equitable, practicable and/or where this contributes to the predictability of rates, Council may elect to use rating differentials.

### **3. Funding of Capital Expenditure**

#### **1.1 General**

Revenue that is collected to cover Council's depreciation charge (which forms part of Council's operating expenditure) is used to finance the replacement of capital assets.

In addition to the sources of income for operating expenditure listed in section 3 Council may use the following to fund capital expenses:

- Borrowings
- Reserves
- Proceeds from the disposal of assets

#### **1.2 Borrowings**

Council borrowings are managed as per Council's Liability Management Policy that forms part of Council's Treasury Management Policy.

Borrowings are generally used to fund capital projects that include an element of service enhancement.

Borrowing for capital expenditure enables the Council to ensure there is intergenerational equity in terms of who funds capital expenditure – the repayments are spread over the reasonably expected average life of the asset where practicable. This means today's ratepayers are not asked to fund tomorrow's assets.

## **Part B.**
























### **Summary of Funding Used in Activities**


























Council has determined the most appropriate source(s) of funds from each of the sources listed in Part A to be used for each activity and the method of apportioning rates and other charges. The following table shows which mechanisms may be used to fund operating expenditure for Council's activities by group:

Where the overall level of fees and charges falls below budget alternative income sources may be required to fund that service. Conversely, where the overall level of fees and charges falls exceeds budget Council may have additional revenue to ease the financial pressure in other areas.

Council will seek to mitigate the costs to ratepayers for each of these activities by obtaining income from external sources (e.g grants) where suitable opportunities arise.

Typically, the capital cost of expanding the range of these services may be met from grants, subsidies, donations and/or borrowings.

Activity	General Rate	Targeted Rate	User fees / charges	Subsidies and grants	Petrol Tax	Other
<b>Community Leadership</b>						
Council and Community Boards						
<b>Roading</b>						
Roading						
<b>Water Supply</b>						
Urban water						
Rural Water Schemes						
<b>Sewerage and the treatment and disposal of sewage</b>						
Wastewater						
<b>Stormwater</b>						
Stormwater						
<b>Community and leisure</b>						
Libraries						
Halls						
Swim Centres						
Community Housing						
Domains						

Activity	General Rate	Targeted Rate	User fees / charges	Subsidies and grants	Petrol Tax	Other
Property						
Public Toilets						
Cemeteries						
<b>Rubbish and recycling</b>						
Solid waste						
<b>Environmental and Regulatory Services</b>						
District Planning						
Resource Consents						
Building Services						
Dog Control						
Public Health						
<b>Community Wellbeing</b>						
Civil Defence						
District Promotions						
Information Centres						
Forestry						

# Attachment 6

# Report

Subject: **Draft Financial Strategy**

To: Finance and Performance Committee

From: Dave Tombs

Date: 19 February 2021

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## **1 Executive Summary**

### **1. Purpose of the report**

To provide Finance and Performance Committee with a draft working copy of the proposed amended Financial Strategy.

### **2. Key issues**

Council's Financial Strategy will be incorporated into Council Financial and Infrastructure Strategy and included in its Long Term Plan.

### **3. Major recommendations**

That Finance and Performance Committee review the working draft copy of the proposed amended Financial Strategy and provide comment as appropriate

## **2 Context**

### **1. Background**

The draft copy of the proposed amended Financial Strategy is quite different in style and format to the current version. This is consistent with sector-wide commentary that such strategies should be drafted in a less technical fashion.

Comments from the Auditor general Office include:

- "... an effective financial strategy needs to present a succinct description of how the combined use of rates, capital expenditure and debt influences the level of service provided to the community"; and
- We suggest that councils could usefully focus on presenting clear and succinct information that is truly strategic"

Comments from SOLGM include:

- A financial strategy needs a meaningful end point that has been set with a large element of top down direction”

The final copy of the Financial Strategy will go to Council on 25 March to be adopted for consultation as part of the Long Term Plan formal submission process.

### **3 Analysis**

Views

The draft working copy of the proposed amended Financial Strategy includes has been provided to Finance and Performance Committee for review and comment. Specifically officer welcome to opportunity to discuss the format and content of this before proceeding further.

Note officer focus thus far has been on the content of the Financial Strategy – the final version will have appropriate graphs and tables etc and reference to things such as COVID-19 and 3 Waters.

### **4 Recommendation**

1. That the report on the Draft Financial Strategy be received.
2. That the Finance / Performance Committee review the draft working copy of the proposed amended Financial Strategy and provide comment as appropriate.

Dave Tombs  
Group Manager Corporate Services

# Appendix 1



## Financial Strategy

### Introduction

This Financial Strategy outlines how Council proposes to manage its finances over the next ten years. Council's financial goals for the coming ten years, and beyond, include:

- Establishing a balanced budget platform from which Council can achieve its ambitions and potential
- Ensuring rates and fees are kept to a reasonable level and apportioned equitably amongst those who pay these rates and fees
- Ensuring value for money is obtained from its expenditures
- Managing its balance sheet so its assets, including infrastructure, and debt levels are managed responsibly, safeguarding Council for future generations

Council's funding strategy can be summarised as:

- Operating expenditure – rates are used to fund the balance of operating expenditure after all other revenue streams are accounted for
- Capital Expenditure – rating for asset renewals (via depreciation). Fund growth assets either from grants, third party funding or debt

### Executive Summary

Overall the District is in good shape and approaching exciting times. The Government's response to COVID has presented the District with some opportunities never seen before and we are entering a period of long and sustained growth.

Our population is expected to grow and our economy is expected to grow. Our infrastructure has to keep up. However, we must not simply focus on growth infrastructure. If we are to avoid problems other councils are facing it is critical we also maintain our existing infrastructure. Unfortunately this is becoming more expensive to do and, in the absence of external funding, puts pressure on rates.

However, with an increasing population, both residential, industrial and commercial, the increasing rates burden will be spread over a larger ratepayer base. That means that if rates are increased by, say, 5% and the population increases by 2%, each existing ratepayer will face a rate increase of around 2.95%.

Council currently has relatively low levels of debt. This will enable us to push ahead and pursue our opportunities. Our long term plan shows that we intent to invest over \$210m in the District in the next ten years.

However, the cost of our asset renewals has grown faster than our income in recent years. This will require higher rate increases in the first few years of our long term plan than we would like.

## Key Issues

Population Growth

TO BE COMPLETED

Land Use Changes

Mention New Residential Homes, new industry etc

## Balancing the Budget

Council is required, both morally and legally, to have a sustainable balanced budget. Where considered prudent Council may set its operating revenues at a different level to its operating expenses.

Council has chosen to do this for the first few years of the long term plan to provide time for its finance strategies to return Council to a sustainable balanced budget position.

Council is planning moderate operating deficits for years 1 to 3 of the long term plan, followed by 2 years of marginal deficits (ie less than 1% of operating revenue) before recording operating surpluses. The deficits in years 1 and 2 will be disguised by large capital grants Council expects to receive in this period.

Council considers this a better model than imposing large rate increases in the early years of the long term plan. Council has considered its ratepayers and its favourable funding position when making these decisions.

## Rates Over The Coming Years

Rates are an important, but emotive, source of Council revenue. Council has kept recent rate increases relatively low. Rates help pay for the renewal of its assets, the cost of which has grown faster than the recent rates increases. This needs to be addressed and Council has elected to do this over a number of years rather than in one year.

Overall, Council expects to increase rates over then ext 10 years as follows:

1	2	3	4	5	6	7	8	9	10
X	X	X	X	X	X	X	X	X	X

As mentioned above, these increases are NOT what each individual ratepayer will be facing as we expect significant larger ratepayer base over which these increases will be spread/

Council has set limits on its rate increases as follows:

1. Less than 8% for years 1 and 2
2. An average of less than 5% for the remaining 8 years

Council will use rating differentials and will amend the level of its Uniform Annual General Charge where it considers that the results of doing so are fair and equitable to the overall community. The very nature of our rating system means that, from time to time, unforeseen outcomes can arise that would be considered unfair and inequitable.

### Capital Expenditure

Council's planned capital expenditure program shows we intend to invest more than \$210m in the District over the next 10 years.

Critically this amount includes maintaining our existing infrastructure but also investing in the District's future.

There are some exciting plans in our capital program, especially in the first few years. These include:

- XXXX
- XXXX
- XXXX

Further details of these initiatives are included in our Infrastructure Strategy.

### Annual

Council recognises that it needs to increase its debt levels if it is to crystallise the opportunities that lies before it. However Council also recognises that increases to debt must only be made in a responsible and managed manner.

Council's borrowing limits are set out in its Treasury Management Policy:

1. Net interest payments as a ratio of total revenue must be less than 20%
2. Net interest payments as a ratio of annual rates revenue must be less than 25%
3. Net debt as a ratio of total revenue must be less than 175%
4. External debt plus liquid investments divided by external debt must be more than 110%

Council's long term plan shows that these limits in the next 10 years are forecast to be:

1. 3% maximum
2. 4.5% maximum
3. 152% maximum<sup>2</sup>
4. 114% minimum